

## Message Text

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PAGE 01 LONDON 02092 01 OF 02 102002Z

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-09 IO-10 ISO-00 AGR-05

COME-00 PA-01 PRS-01 USIA-06 AID-05 SS-15 NSC-05 SP-02

TRSE-00 L-02 STR-01 CIAE-00 INR-07 NSAE-00 /101 W

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R 101933Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8127

INFO AMEMBASSY BONN

AMEMBASSY BANGKOK

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CAIRO

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION USUN NEW YORK

USMISSION GENEVA

USLO PEKING

AMEMBASSY STOCKHOLM

AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 02092

E.O. 11652: N/A

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PAGE 02 LONDON 02092 01 OF 02 102002Z

TAGS: EAGR, ETRD

SUBJECT: GRAIN RESERVES -- OPENING STATEMENT BY ASST.  
SECRETARY ENDERS AT AD HOC MEETING ON GRAIN RESERVES

1. FOLLOWING IS THE OPENING STATEMENT DELIVERED BY THE  
CHIEF OF THE U.S. DELEGATION, ASSISTANT SECRETARY THOMAS  
O. ENDERS, TO THE AD HOC MEETING ON GRAIN RESERVES,  
LONDON, FEB. 10-11, 1975.

2. OVER THE PAST TWO YEARS THE WORLD HAS BEEN ABLE TO  
ADJUST TO MAJOR SHORTFALLS IN FOOD SUPPLY, FIRST BY  
DRAWING STOCKS DOWN TO PIPELINE LEVELS, SECOND BY SUB-  
STANTIAL CUTS IN CONSUMPTION IN A FEW DEVELOPED AND  
DEVELOPING COUNTRIES. THESE ADJUSTMENTS HAVE BEEN  
COSTLY; THEIR IMPACT IN DEVELOPING COUNTRIES HAS BEEN  
PARTICULARLY HARSH; AND THERE IS ALMOST NO SCOPE LEFT IN  
THE SYSTEM FOR FUTURE ADJUSTMENTS.

3. AS OF NOW WE CANNOT BE SANGUINE ABOUT PROSPECTS FOR  
THE IMMEDIATE FUTURE. OUR OWN PRELIMINARY ANALYSIS IN-  
DICATES THAT A SMALL GLOBAL SURPLUS IS STATISTICALLY  
PROBABLE FOR THE COMING CROP YEAR. BUT SUCH A SURPLUS,  
EVEN IF REPEATED FOR SEVERAL YEARS, WOULD NOT ADEQUATELY  
PROTECT AGAINST FUTURE SHORTFALLS.

4. ANALYSIS OF FUTURE TRENDS OF DEMAND AND SUPPLY, AS  
DONE FOR THE WORLD FOOD CONFERENCE, SUGGESTS THAT PERIODS  
OF SHORTAGE MAY BECOME MORE FREQUENT AND MORE SEVERE. IN  
REGARD TO THESE PROJECTIONS IT IS OF COURSE POSSIBLE FOR  
US TO TAKE A RESERVED VIEW, SINCE THEY ARE ONLY FORECASTS  
NOT FACTS. BUT TWO THINGS MUST BE SAID. FIRST, ALL  
AVAILABLE KNOWLEDGE SUGGESTS THE ODDS OF A TIGHTENING  
TREND ARE GREATER THAN EVER. SECOND, THE PENALTY FOR  
FORECASTING WRONG AND MAKING TOO LITTLE PROVISION FOR  
FOOD SECURITY WILL BE UNACCEPTABLY HIGH IN THE PRESENT  
SITUATION. THUS WE CANNOT ASSUME THE ABILITY OF THE  
WORLD GRAIN SYSTEM TO PROVIDE ADEQUATE FOOD SECURITY IN  
THE FUTURE; WE MUST ACT TO ASSURE IT.

5. OVER THE PAST TWO YEARS THERE HAVE BEEN DEVELOPED  
WITHIN THE FAO A SET OF PRINCIPLES FOR NATIONAL STOCK  
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PAGE 03 LONDON 02092 01 OF 02 102002Z

POLICIES, WHICH ARE INCLUDED IN THE PROPOSED UNDERTAKING  
ON WORLD FOOD SECURITY. IN NOVEMBER THE WORLD FOOD CON-  
FERENCE ENDORSED THESE PRINCIPLES AND CALLED UPON MAJOR  
GRAIN PRODUCING, CONSUMING AND TRADING COUNTRIES TO AC-  
CELERATE THEIR IMPLEMENTATION. IT IS PURSUANT TO THE  
RESOLUTION OF THE WORLD FOOD CONFERENCE THAT THE UNITED  
STATES SUGGESTED THAT WE MEET HERE TO CONSIDER COOPERA-  
TION IN MEETING FOOD SECURITY NEEDS THROUGH THE DEVELOP-

MENT OF AN INTERNATIONAL NETWORK OF NATIONAL GRAIN RESERVES.

6. WE BELIEVE THAT THIS GROUP SHOULD AIM IN THE DISCUSSIONS OF THE NEXT TWO DAYS TO LAY OUT THE COURSE THAT WILL MOVE US FROM CONSIDERATION OF THE BROAD PRINCIPLES FOR STOCK POLICY, WHICH HAVE BEEN DEFINED, TO PRACTICAL APPLICATION OF THESE PRINCIPLES IN AN INTERNATIONAL FRAMEWORK TO BE AGREED UPON.

7. WE HOPE THAT THESE DISCUSSIONS WILL RESULT IN A CONSENSUS COVERING THREE POINTS:

--THE NEED FOR AN INTERNATIONAL AGREEMENT ON STOCKS TO IMPROVE WORLD FOOD SECURITY;

--THE ELEMENTS WHICH SUCH AN AGREEMENT MIGHT INCLUDE

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PAGE 01 LONDON 02092 02 OF 02 102001Z

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LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 02092

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PAGE 02 LONDON 02092 02 OF 02 102001Z

--NEXT STEPS TO BE TAKEN TOWARD SUCH AN AGREEMENT.

SOME OF THE ELEMENTS OF SUCH AN AGREEMENT, I BELIEVE,  
ARE REASONABLY APPARENT:

--THE OVERALL SIZE OF WORLD STOCKS OF GRAIN;

--THE DIVISION OF STOCKS AMONG PARTICIPANTS;

--THE SCOPE OF COMMODITY COVERAGE;

--GUIDLINES OR RULES FOR BUILDING UP AND DRAWING  
DOWN STOCKS;

--MEANS FOR INSURING THAT OBLIGATIONS ARE MET AND  
THAT THERE ARE SPECIAL BENEFITS FOR PARTICIPANTS;

--PRODUCTION AND TRADE ARRANGEMENTS TO IMPLEMENT  
AND REINFORCE THE STOCKS COMMITMENTS;

--NECESSARY PROCEDURES FOR CONSULTATION AMONG MEMBERS  
ADMINISTRATION OF AN ARRANGEMENT AND OTHER SIMI-  
LAR MATTERS;

--THE NEED TO TAKE THE SPECIAL CIRCUMSTANCES AND  
REQUIREMENTS OF DEVELOPING COUNTRIES INTO ACCOUNT  
- FOR THEY ARE PARTICULARLY THREATENED BY THE LACK

OF FOOD SECURITY.

8. IN DETERMING HOW TO PROCEED TOWARDS AN INTERNATIONAL STOCKS AGREEMENT, I SUGGEST THAT WE FOLLOW FOUR PRINCIPLES:

--FIRST, MAJOR DEVELOPING COUNTRIES MUST BE CLOSELY ASSOCIATED NOT ONLY IN THE BENEFITS BUT IN THE DESIGN OF THE SYSTEM;

--SECOND, OUR PROCEDURES MUST BE SUFFICIENTLY FLEXIBLE TO ALLOW THE PARTICIPATION OF ALL MAJOR LIMITED OFFICIAL USE

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PAGE 03 LONDON 02092 02 OF 02 102001Z

PORTERS AND EXPORTERS, WHILE KEEPING THE NUMBER OF ACTIVE PARTICIPANTS SMALL ENOUGH TO MAKE SERIOUS WORK POSSIBLE;

--THIRD, WE MUST MAKE PROVISION FOR THE COMMERCIAL AND AGRICULTURAL POLICY IMPLICATIONS OF OUR WORK TO BE CONSIDERED IN FORUMS SPECIALIZED IN THESE QUESTIONS;

--FOURTH, WE MUST ACT RAPIDLY, SO THAT THE SYSTEM CAN BE DESIGNED WITHIN THE NEXT FEW MONTHS AND IMPLEMENTATION CAN START THIS YEAR.

9. MR. CHAIRMAN, THERE ARE FEW UNDERTAKINGS THAT CAN HAVE A GREATER EFFECT ON THE WELL-BEING OF COUNTRIES AND PEOPLE THAN THIS ONE. IT IS THE HOPE OF THE UNITED STATES THAT IN THESE TWO DAYS OF DISCUSSIONS WE CAN CREATE A BUSINESS-LIKE BASIS FOR ACHIEVING FOOD SECURITY.

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## Message Attributes

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**To:** STATE  
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